

Letter of Appeal

Federal Communications Commission

Office of the Secretary

445 – 12th Street SW

Washington, DC 20554

March 13, 2007

CC Docket No. 02-6

Form 471 Application Number: 515760

Funding Year 2006: 07/01/2006-06/30/2007

Billed Entity Number: 20744

Billed Entity FCC RN: 0012703112

Applicant's Form Identifier: Maint

Entity Name: The Glen Mills Schools

Background

Funding for the referenced FRN was denied by the USAC for the stated reason that “your request for Basic Maintenance of IC has not been justified as cost effective as required by FCC rules.” A subsequent appeal to USAC was denied on Feb. 5, 2007. In its denial, USAC stated “Glen Mills Schools’ funding request has not been justified as cost effective as required by the Schools and Libraries Support Mechanism’s rules and procedures.”

DISCUSSION

The following information will show that the services requested are indeed cost effective. On 12/12/2005, the Glen Mills Schools submitted FCC Form 470 applications to USAC to initiate the competitive bidding process for E-rate eligible services. Over the next month we received one bid for Basic Maintenance of Internal Connections. The Glen Mills Schools submitted documentation to USAC, during a Selective Review, detailing the competitive bidding process, including bid requests, bid proposals, and cost evaluation criteria. The Glen Mills Schools evaluated the responsive bidders, using price as a primary consideration, and selected the vendor that offered the most cost-effective offering. Since we only received one bid in Year 9, I made the determination that the price was cost-effective by reviewing bids from previous years and found the following:

1. In Year 8 the other bid we received (from ePlus Technologies) was higher by \$3120.00 than the vendor we chose that year (MTG). It was also higher (by \$3120.00) than the bid we received for Year 9 from MTG, which is why ePlus did

not bid on Year 9 Maintenance. (See attached Year 8 Bid) We received full funding for Maintenance of Internal Connections in Year 8 with no mention of cost-effectiveness.

2. The bids for Year 5 ,Year 6 and Year 7 were also higher by \$3120.00 than the one we received in Year 9 and we received full funding for Maintenance of Internal Connections (although it wasn't called that at that time) In Year 5 we used Elcom (later bought by ePlus) as our vendor for Maintenance.

Over the past 5 years, we have received bids for the same services and the SLD not only found them cost effective, but funded them in full. In Year 9, the cost of these same services actually went down yet the SLD found it not to be cost effective for the very same services. I have recently contacted several independent vendors to find out their rate for support of network equipment and servers and found that all charged more than the vendor we chose or had comparable pricing. (MTG charges \$117.50/hour or \$940/day)

1. Apple Computer

Integration Services Time and Material - \$1,800 per day

Page 18, Part # 1583LL/B

Server Setup and Support Services – 5 days, \$7,000 (\$1,400 per day)

Page 22, Part # D2282LL/B

Server Setup and Support Services – 10 days, \$13,000 (\$1,300 per day)

Page 22, part # D2250LL/B

2. ePlus- \$125/hour or \$1000/day

3. Dataprise Inc. - \$145/hour or \$1160/day

4. All Covered - \$150/hour or \$1200/day
5. Beringer Associates

1-5 Hours	\$150 Per Hour or \$1200/day
6-10 Hours	\$125 Per Hour or \$1000/day
10+ Hours	\$100 Per Hour or \$800/day
6. IT Solutions-

15 hours:	\$145/hour or \$1160/day
30 hours:	\$135/hour or \$1080/day
50 hours:	\$125/hour or \$1000/day
100 hours:	\$115/hour or \$920/day

The Glen Mills Schools has 36 buildings with 115 classrooms, each containing one or more Cisco switches. In total, we have 81 switches, 2 core switches, 1 router, 1 firewall, 20 wireless access points, 8 NT servers, 5 Apple servers and 1367 network drops. We recently added an additional T-1 line for Internet access and the systems engineer spent 8 days configuring the Internet router and troubleshooting the various bandwidth issues and firewall performance. This is just ONE issue that required that much support time. We have a residential population of over 930 students and 584 employees. Our network, including the network phone system on part of the campus, is an integral part of our daily operations. The upgrade and maintenance of this equipment is vital to the safe and efficient operation of the school on a 24 hour basis. Given the size and scope of our facility, it is reasonable to assume that we will need network support to safeguard the equipment purchased with E-rate funds.

In addition, the equipment that is being maintained by MTG has a total replacement cost of more than \$432,885.00 Vs. the E-rate requested amount of \$121,824.00. Therefore, it is certainly more cost effective to maintain and support our network equipment than to replace it.

While we cannot be certain what standards the USAC used in its determination, we will address three possible reasons for the determination in this case: 1) the number of hours per week, 2) the cost per student, and 3) the cost per piece of equipment. We will refute each of these reasons.

First, the number of hours per week is not inappropriately high. The Michigan Technology Staffing guidelines study created a formula to calculate the staffing required to maintain a school computer infrastructure. (**Staffing Levels Worksheet:** <http://techguide.merit.edu/worksheet.htm>)

The study found that one-fifth of an employee was required for each LAN and each major server. Given that the Glen Mills Schools' network includes one large LAN and six major servers, the maintenance of the network should require one full time employee and two-fifths of another employee or 56 hours per week. The 20 hours that was requested falls far below the estimated need for a school like Glen Mills.

Second, the cost per user is \$98. (\$121,824.00 divided by 1240 students and teachers.) This cost is certainly reasonable and cost effective.

Third, the cost per piece of equipment is appropriate. While the cost of maintenance for some items will be less than \$929 ((\$121,824.00 divided by 131 pieces of equipment), the cost for others will be more.

Lastly, USAC's review of cost-effectiveness does not appear to follow FCC rules. There is no information on the USAC website about the "Cost Effectiveness review" or the "Cost Effectiveness Team," so we cannot be sure how cost-effectiveness is

determined. The FCC ruled on August 16, 2006, that the SLD has not established a rule as of yet to deny funding based on cost effectiveness.

<http://www.eratemanager.com/docs/Academia%20Discipulous%20de%20Cristo%20FCC%20Appeal.doc>

1[29] *Id.* We note that USAC denied Somerton School District's funding requests (FRNs 834039, 851198, 851335, 851422, and 867521) stating that "excessive pricing on various components associated with th[e] service provider demonstrates that this service provider is not the most cost-effective alternative." *See* Somerton School District No. 11 Request for Review at 2. ***The Commission's rules, however, do not expressly establish a bright line test for what is a "cost effective service." Although the Commission has requested comment on whether it would be beneficial to develop such a test, it has not, to date, enunciated bright line standards for determining when a particular service is priced so high as to be considered excessive or not cost-effective. See Schools and Libraries Universal Support Mechanism, CC Docket No. 02-6, Third Report and Order and Second Further Notice of Proposed Rulemaking, 18 FCC Rcd 26912 (2003).***

We understand the Commission and USAC are under great pressure to eliminate waste, fraud and abuse in the E-rate program, and we commend the Commission for taking measures to accomplish this. Unfortunately, the cost effectiveness review, at least in this instance, has targeted a school that is wholly above board, makes very wise, sound judgments relating to its technology procurements, and has worked in earnest to file E-rate applications according to both the spirit and letter of the E-rate rules.

We are not a fly-by-night, newly opened school, or a school that has blindly turned over their E-rate application process to a consultant. Glen Mills School is a private, residential school for court adjudicated male delinquents between 15 and 18 years of age. Founded in 1826 as the Philadelphia House of Refuge, the Schools has provided services continuously for 172 years and is the oldest existing school of its type

in the United States. The school is an internationally known and respected program providing services to more than nine hundred students.

We respectfully urge you to reconsider our funding commitment. Thank you for your consideration in this matter.

Sincerely,

Mary McNeal
Education Technology Coordinator
P.O Box 5001
Concordville, PA 19331
610-459-8100 Ext. 281
FAX 610-459-7809
mmcneal@glenmillschools.org